

WC is tied to the health of our state

By GOVERNOR LINDA LINGLE

During my 15 months in office, members of my Administration have met with the Chamber of Commerce to talk about issues of importance to the business community, especially small employers.



Linda Lingle

Workers' compensation reform must happen now, but it will only take place if legislators hear directly from employers.

Repeatedly, the high cost of workers' compensation dominates the discussions. It was brought to our attention that every year the business community asks the State Legislature to help contain workers' compensation costs, and every year the legislature tells employers that if they want to reduce costs, they should reduce injuries.

I directed the Nelson Befitel, director of the Department Labor and Industrial Relations, to provide me a detailed analysis of the driving costs for workers' compensation and an action plan on how to fix it. In January 2004, the department released a report detailing that costs have continued to escalate, despite the fact that work injuries have drastically declined. I found it most troubling that the present system has forced workers' compensation companies to either leave the market or drop coverage for small employers that have even one accident.

This legislative session I introduced House Bill 2486 and Senate Bill 2961 to lower the high cost of workers' compensation. These bills were drafted with special consideration of what is equitable to employers and employees.

The proposed bill would allow for employer choice of physicians, require medical doctors to direct care, limit the amount of time one can be considered temporarily disabled to two years so a decision on disability can be made, crackdown on fraud, eliminate mental stress claims for good-faith personnel decisions, establish an arbitration process, and place reasonable limits on vocational rehabilitation.

Unfortunately, the Senate has refused to hear any workers' compensation reform measures. They stripped workers' compensation provisions from a bill that would have allowed the insurance commissioner to investigate fraud after several unions testified in opposition to this measure.

In the House, the Labor Committee, to its credit, heard

the bill and approved seven of the main components. While I disagree with the amendments made, it was a step forward in opening the discussion on meaningful reform.

I am pleased that the House Finance Committee passed my fraud provision, but I was disappointed that the committee refused to hear most of the remaining measures. Fraud is important to controlling costs, however, it will not make the systematic changes needed to resolve inherent problems in the workers' compensation system. My Administration proposed draft language that incorporated many of the components of our original bill as well as the intent of the Labor Committee chair's recommendations. Even this proposal was not accepted.

Hawaii ranks third in the country in the cost of premiums. We pay more than double the national average for vocational rehabilitation. We are 150% higher than the national average for lost-time from work. Our state is entering an era when construction jobs will dramatically increase, and with it injuries.

Workers' compensation reform must happen now, but it will only take place if legislators hear directly from employers. Without the urging of the business community, legislators will do nothing more than capitulate to union demands to leave workers' compensation alone. I am asking for your help to educate lawmakers that this is not a political issue, but one that is tied to the health and prosperity of our state.

A copy of my Administration's workers' compensation bill and report can be found at www.dlir.state.hi.us/.

Thank you for your continued support and for all that you do to help keep our state economy strong.

Sincerely,

LINDA LINGLE
Governor